

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO. 1773

TO BE ANSWERED ON 27th July, 2018/ SHRAVANA 5, 1940 (SAKA)

Demonetisation and Digital Transactions

QUESTION

1773: SHRI D.S. RATHOD:

SHRI KUNDARIYA MOHAN BHAI KALYANJI BHAI:

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the demonetisation has given a boost to digital transactions in the country;
- (b) if so, the details thereof;
- (c) whether this has also improved the Government receipts, if so, the details thereof; and
- (d) the steps being taken by the Government to improve the accessibility and acceptance of digital payments?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI P. RADHAKRISHNAN)**

(a) & (b): Yes, a significant growth has been observed in digital transactions in the country post demonetization period. Growth of Digital Transactions in terms of volume has increased to 214.31 crore in May 2018 from 91.83 crore in Nov 2016. Digital Transactions in terms of value has increased to 179.83 lakh crore in May 2018 from 112.27 lakh crore. Growth of Digital Transaction since November 2016 is at Annexure A.

(c): Net direct tax collections for FY 2017-18 amounted to Rs. 10.03 lakh crore, which is 18% higher than the collections for 2016-17. The collections for FY 2016-17 were also 14.5% higher than the collections for 2015-16. On the other hand, the growth rates in FY 2015-16 and FY 2014-15 were only 6.6% and 9%, respectively. The robust growth in direct tax revenue in the year of demonetisation and the year after that is indicative of a positive impact of demonetisation on the level of tax compliance in the country.

There has also been remarkable growth in the revenue flow from Advance Tax and Self-Assessment Tax under Personal Income Tax (PIT). In FY 2017-18, PIT Advance Tax collections increased by 23.4% and PIT Self-Assessment Tax by 29.9% over those for 2016-17, corroborating the premise that demonetization and the subsequent follow-up of bank deposit data by the Income Tax Department had a significant impact on voluntary tax payments.

(d): In order to encourage use of digital payments in commercial transactions, the Government (vide Finance Act-2017) has reduced the rate of presumptive income-tax in respect of turnover through digital transactions from 8% to 6%. A dedicated DigiDhan mission was set up with an aim to promote digital transactions. Digital payment App 'BHIM-Bharat Interface for Money' was launched on 30th December, 2016. The initiative taken by Government to encourage digital transactions in the country are at Annexure-B.

Annexure A referred in reply to the Lok Sabha Unstarred Question 1773 for 27.07.2018

Growth of Digital Transactions		
Months	Volume	Value
Unit	In Crore	In Lakh Crore
Nov'16	91.83	112.27
Dec'16	132.93	124.57
Jan'17	125.61	113.94
Feb'17	111.37	107.98
Mar'17	130.64	172.61
Apr 17	159.74	148.43
May'17	156.89	151.45
June'17	153.02	154.43
July'17	156.71	145.76
Aug'17	158.37	151.15
Sep'17	158.62	169.20
Oct'17	169.10	156.44
Nov'17	174.64	165.07
Dec'17	194.03	169.44
Jan'18	199.01	182.04
Feb'18	191.23	152.16
Mar'18	199.74	216.86
Apr'18	208.26	163.67
May'18	214.31	179.83

NOTE: For month of Jun'18 & Jul'18 RBI data not published, hence has not been included.

Following are the list of modes used for digital transaction calculation as above:

- | | | |
|-----------------|----------------------------------|-------------------|
| 1. NACH | 7. RuPay on eCom | 13. NEFT |
| 2. IMPS | 8. AEPS | 14. Mobile Wallet |
| 3. UPI | 9. BBPS | 15. RTGS |
| 4. BHIM | 10. NETC | 16. PPC |
| 5. USSD | 11. Debit Card (excluding RuPay) | 17. Closed Loop |
| 6. RuPay on POS | 12. Credit Card | |

Annexure B referred in reply to the Lok Sabha Unstarred Question 1773 for 27.07.2018

Initiative taken by Government to encourage digital transactions in the country

i) Expansion of payment acceptance infrastructure:

- As per the budget announcement for FY 2017-18, Banks were allocated a target to deploy 10 Lakh additional Point of Sales (PoS) terminals. Against this target, Banks installed 12.33 Lakh new PoS terminal. Currently a total of 33.20 Lakh PoS (till May 2018) terminals have been deployed in the country. Ministry of Electronics and Information Technology (MeitY) has further allocated a target to deploy 20 Lakh additional PoS terminals by the Banks in FY 2018-19.
- BHIM Aadhaar Pay enables citizens without smart phones to make digital payments by using biometric authentication. Around 5.56 Lakh BHIM Aadhaar PoS have been deployed by the Banks till May 2018.
- Bharat QR 4.0 with a provision of accepting QR based payment payments using UPI was launched on 10th August 2017. By 30th April 2018, 26 Banks have been made live on Bharat QR as acquirer and 38 Banks have been made live on BHIM UPI PSP App. Till May 2018, Bharat QR was installed at 11.08 Lakh merchant locations.

ii) Incentive Schemes

- MeitY vide gazette notification No 6(19)/2017-DPD-1 dated 27th December 2017 has notified the reimbursement of Merchant Discount Rate (MDR) charges on Debit cards/BHIM-UPI/BHIM Aadhaar Pay based transactions of value less than Rs 2000 to the Banks for a period of two years starting from 1st Jan 2018. The reimbursement of MDR is aimed to improve the adoption of digital payments by merchants specially the small and micro merchants.
- 'BHIM Cashback Scheme for Individuals' has been launched to popularize payments through BHIM APP. The scheme have been modified and is operational till March 2019. The customer on BHIM app can earn an incentive up-to Rs 150 on 10 unique transactions over the BHIM app.
- The BHIM Aadhaar merchant incentive scheme has been re-launched and the incentive has been increased from 0.25% to 0.5%. The scheme is operational 1st April 2018 till March 2019. In this scheme merchant can earn an incentive up-to Rs 2000 per month.
- To give impetus to the deployment of BHIM Aadhaar PoS devices, Department of Financial Services has launched a scheme to provide an incentive of up-to Rs 1800 to the Banks on the procurement of each BHIM Aadhaar PoS.

iii) Coordination with Banks

- Digital payment transaction targets have been allocated to the Public and Private Sector Banks for FY 2018-19. MeitY has set targets of 3013 Crore digital payment transactions.
- The performance of the Banks is also monitored and evaluated by MeitY though a performance scorecard and a Bank ranking system.

iv) Advisories to Ministries/Departments

- Government of India has issued advisories to Central Ministries/Departments and States/UTs to improve payments acceptance infrastructure, enable the citizens to pay by a variety of digital modes such as Internet banking, mobile banking, and mobile applications etc. including use of BHIM, integrate on-line payment portals with BHIM/UPI/QR-code/Rupay Card, printing of QR code on bills, incentivisation of digital payments and publicity and creation of awareness about digital payments among citizens.

v) Publicity Campaign

- Ministry of Electronics and Information Technology has initiated the publicity campaign through following mediums till now:
 1. Radio(Wireless Media)
 2. Newspaper(Print Media)
 3. Website(Digital Media)

vi) Monitoring, Analysis and Grievances

- In order to create a platform for accurate reporting, monitoring and analysis of all digital payment transactions being carried out across the country, GOI has developed a National Digital Payment Dashboard, which was launched by Hon'ble Minister of Electronics and IT on 13th February, 2018.
- In coordination with Department of Financial Services, , necessary instructions have been issued to on board all Banks, Payment Banks and PPI (Pre Paid Instrument) Service Providers in the National Consumer Helpline (NCH) platform for becoming as convergence partners. Accordingly, almost 56 banks and other financial service institutions have been on boarded into NCH Platform. NPCI has also been integrated as a convergence partner in National Consumer Helpline (NCH) platform. Thus the NCH platform is live and receiving Digital Payment related grievances.
